

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Perata Analyst: Kristina E. North Bill Number: SB 1064
Related Bills: See legislative history Telephone: 845-6978 Amended Date: September 7, 1999
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Mexican American Veterans Memorial Beautification and Enhancement Account

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED _____ STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

This bill would specify that the \$250,000 minimum contribution limitation to the California Mexican American Veterans' Memorial Beautification and Enhancement Account would not take effect until 2001.

SUMMARY OF AMENDMENT

The September 7, 1999, amendment replaced language relating to building standards with the language discussed in this analysis.

EFFECTIVE DATE

This bill is not a tax levy and normally would be effective January 1, 2000. However, in a letter to the Senate Daily Journal (page 3279), the Legislature clarifies its intent to make the provisions of his bill retroactive to January 1, 1999, to ensure that the fund appears on the 1999 tax return.

LEGISLATIVE HISTORY

AB 2366 - Cedillo (Stats. 1998, Ch. 818) - provided that the California Mexican American Veterans' Memorial Beautification and Enhancement Account could be placed on the state income tax return for voluntary contributions when the department upon notification from the Veterans' Memorial Commission that construction of the Veterans' Memorial had commenced.

AB 1350 - Polanco (Stats. 1993, Ch. 1221) - established the Mexican American Veterans' Memorial Beautification and Enhancement Account. This fund could not be placed on the state income tax return for voluntary contribution until the

Board Position:

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| <input type="checkbox"/> S | <input type="checkbox"/> NA | <input type="checkbox"/> NP |
| <input type="checkbox"/> SA | <input type="checkbox"/> O | <input type="checkbox"/> NAR |
| <input type="checkbox"/> N | <input type="checkbox"/> OUA | <input checked="" type="checkbox"/> PENDING |

Department Director

Date

Gerald Goldberg

10/05/1999

Veteran's Memorial Fund came off the return, and the department was notified by the Veterans' Memorial Commission prior to September 1 of any taxable year that the Veteran's Memorial had been completed.

SPECIFIC FINDINGS

Current federal law provides a true checkoff to direct \$3 of a taxpayer's tax liability to the presidential election fund. Designation of the \$3 amount does not affect a taxpayer's tax liability or refund amount.

Current state law allows taxpayers to make contributions of their own funds (not tax liability) on their tax returns to the 12 voluntary contribution funds listed on the state tax return. Each fund provides for the reimbursement of the Franchise Tax Board (FTB) and Controller's costs to administer the fund.

Except for the California Seniors Special Fund, which has no sunset date, the voluntary contribution funds have various sunset dates. Attachment I shows the specific sunset dates for each voluntary contribution fund and indicates those funds which must meet a minimum contribution test (indexed \$250,000) to remain on the return. Attachment II is a chart indicating the number and dollar amount of contributions to the funds for multiple fiscal years.

Current state law required the FTB, on September 1, 1999, to determine if the California Mexican American Veterans' Memorial Beautification and Enhancement Account would meet the \$250,000 minimum contribution amount. Because the fund had received only \$60,000, pursuant to current law, the section specifying the repeal language would be repealed with respect to taxable years beginning on or after January 1, 1999.

This bill amends the minimum contribution section to specify that the California Mexican American Veterans' Memorial Beautification and Enhancement Account would not be subject to the \$250,000 minimum contribution until 2001.

Implementation Considerations

The implementation of this bill would not significantly impact the department.

FISCAL IMPACT

Departmental Costs

This bill would not significantly impact departmental costs.

Tax Revenue Estimate

If the minimum level of contributions is achieved each year, potential revenue losses from this bill would be very minor, on the order of \$15,000 annually, beginning in fiscal year 2002/2003 as a result of itemized deductions for the contributions.

Any possible changes in employment, personal income, or gross state product that might result from this bill are not taken into account.

BOARD POSITION

Pending.